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**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re:
 USA COMMERCIAL MORTGAGE COMPANY,
 Debtor.

Case No. BK-S-06-10725 LBR
 Case No. BK-S-06-10726 LBR
 Case No. BK-S-06-10727 LBR
 Case No. BK-S-06-10728 LBR
 Case No. BK-S-06-10729 LBR

In re:
 USA CAPITAL REALTY ADVISORS, LLC,
 Debtor.

Chapter 11

In re:
 USA CAPITAL DIVERSIFIED TRUST DEED
 FUND, LLC,
 Debtor.

Jointly Administered Under
 Case No. BK-S-06-10725 LBR

In re:
 USA CAPITAL FIRST TRUST DEED FUND,
 LLC,
 Debtor.

In re:
 USA SECURITIES, LLC,
 Debtor.

**USA CAPITAL REALTY ADVISORS,
 LLC'S THIRD REPORT OF ACTION
 TAKEN AND PROGRESS TOWARDS
 CONSUMMATION OF CONFIRMED
 PLAN OF REORGANIZATION**

Affects:

- ☐ All Debtors
- ☐ USA Commercial Mortgage Company
- ☐ USA Securities, LLC
- ☒ USA Capital Realty Advisors, LLC
- ☐ USA Capital Diversified Trust Deed Fund, LLC
- ☐ USA Capital First Trust Deed Fund, LLC

(Affects USA Capital Realty Advisors, LLC)

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USA Capital Realty Advisors, LLC (“USA Realty”), by and through its counsel, hereby submits this Third Report of Action Taken and Progress Towards Consummation of Confirmed Plan of Reorganization (“Third Report”). This Third Report is submitted pursuant to Article VIII, Section T of the Debtors’ Third Amended Joint Chapter 11 Plan of Reorganization (the “Plan”), Paragraph 74 of the Court’s “Order Confirming the Debtors’ ‘Third Amended Joint Chapter 11 Plan of Reorganization,’ as Modified Herein” (Docket No. 2376) (the “Confirmation Order”), and the Court’s Order dated April 30, 2007 (Docket No. 3627). The Plan became effective on March 12, 2007 (the “Effective Date”). USA Realty filed its First Report of Action Taken and Progress Towards Consummation of Confirmed Plan of Reorganization (“First Report”) on July 16, 2007, covering the period of March 13, 2007, through June 30, 2007. It filed its Second Report of Action Taken and Progress Towards Consummation of Confirmed Plan of Reorganization (“Second Report”) on October 25, 2007, covering the period of July 1, 2007, through September 30, 2007. This Third Report covers the period of October 1, 2007, through March 31, 2008.¹

I. Resolution of Proofs of Claim Filed Against USA Realty

As of the filing of the Second Report, USA Realty had resolved all of the proofs of claims filed against it with the exception of proofs of claims number 10729-00041 through 10729-00044 and 10729-00054 through 10729-00057 (known as the “McGimsey Claims”). On November 2, 2007, USA Realty filed a summary judgment motion asserting that the McGimsey Claims were unauthorized derivative actions and should be disallowed in their entirety (Docket No. 5256). No response to the summary judgment motion was filed, and the Court approved the motion at a hearing on December 20, 2007. By Order dated January 22, 2008 (Docket No. 5710), the McGimsey Claims have been disallowed in their entirety. *Thus, all proofs of claim filed against USA Realty have now been resolved.*

II. Resolution of Scheduled Claims

On June 8, 2007, USA Realty filed an omnibus objection to the scheduled claims of Beadle

¹ Unless otherwise provided herein, all capitalized words and terms are defined in the confirmed Plan.

McBride, Kummer Kaempfer Bonner Renshaw & Ferrario, and Santoro Driggs (Docket No. 3919) asserting that USA Realty was no longer liable on account of these claims since the parties had affirmatively sought payment of their claims from other Debtors. By Order dated July 31, 2007 (Docket No 4386), the Court sustained USA Realty's objection thereby disallowing the scheduled claims of Beadle McBride, Kummer Kaempfer Bonner Renshaw & Ferrario, and Santoro Driggs in their entirety. *All issues involving USA Realty's scheduled claims have now been resolved.*

III. Resolution of Motions, Contested Matters, and Adversary Proceedings

As of the filing of the Second Report, all motions, contested matters, and/or adversary proceedings involving USA Realty had been resolved with the exception of a "conditional" adversary proceeding which was filed by Compass against, in relevant part, all of the Debtors on July 7, 2007, designated as Adversary Proceeding No. 07-01105 ("Compass Proceeding"). On October 26, 2007, Compass filed a notice of dismissal thereby dismissing USA Realty from the Compass Proceeding. *Thus, all motions, contested matters, and adversary proceedings involving USA Realty have now been resolved.*

IV. Unresolved USA Realty Management Fees Issue

As of the filing of the Second Report, there remained a dispute between DTDF and USA Realty regarding unpaid, postpetition management fees that DTDF owes to USA Realty. These unpaid, postpetition management fees are not covered in the Plan so DTDF and USA Realty have been engaged in negotiations to resolve this disputed debt. Such negotiations continue and it is believed that this issue will be resolved soon.

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